

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION OF HOUSING POLICY DEVELOPMENT**

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July 23, 2009

Ms. Debra Figone  
City Manager  
City of San Jose  
200 E. Santa Clara Street  
San Jose, CA 95113

Dear Ms. Figone:

**RE: Review of the City of San Jose's Adopted Housing Element**

Thank you for submitting San Jose's housing element adopted on June 16, 2009 and received for review on June 29, 2009. The Department is required to review adopted housing elements and report the findings to the locality pursuant to Government Code Section 65585(h). The review was facilitated by communications with Messrs. Allen Tai, Planner II, Wayne Chen, Housing Policy Officer and Ms. Jenny Nusbaum, Senior Planner.

The adopted element addresses the statutory requirements described in the Department's May 8, 2009 review. Therefore, the Department is pleased to find San Jose's adopted element in compliance with State housing element law (Article 10.6 of the Government Code). Among other things, the element now includes analyses of the City's sites inventory and programs to preserve units at-risk of converting to market-rate uses.

The Department commends San Jose's success in addressing its housing and community development needs including zoning and land-use changes to increase allowable densities and heights along transit corridors. The Department also applauds the recent construction or approval of 5,400 units, including over 1,200 units affordable to lower-income households and particularly the 504 units affordable to extremely low-income households. The City's strategies, improvements and innovations such as Project Blossom, Discretionary Alternative Use Policy, Vernal Fund and Blue Ribbon Commission on Ending Homelessness have been effective in addressing the community's housing needs.

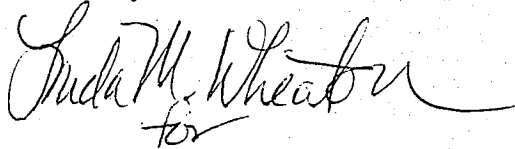
In addition, San Jose now meets specific requirements for several State funding programs designed to reward local governments for compliance with State housing element law. For example, the Housing Related Parks Programs, authorized by Proposition 1C, Local Housing Trust Fund and the Building Equity and Growth in Neighborhoods (BEGIN) Program include housing element compliance either as a threshold or competitive factor in rating and ranking applications. More specific information about these and other programs is available on the Department's website at [http://www.hcd.ca.gov/hpd/hrc/plan/he/loan\\_grant\\_hcompl011708.pdf](http://www.hcd.ca.gov/hpd/hrc/plan/he/loan_grant_hcompl011708.pdf).

Ms. Debra Figone, City Manager  
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The City is considering a Citywide inclusionary ordinance (Policy #4). Please be aware, if the City adopts an inclusionary ordinance, the element should be amended to evaluate the requirement for potential impacts on the cost and supply of housing. This analysis is particularly important given current market conditions. For example, amongst other aspects of the analysis, the evaluation should address whether sufficient regulatory and financial incentives are offered to facilitate compliance with the requirements.

The Department wishes the City of San Jose success in implementing its housing element and looks forward to following its progress through the General Plan annual progress reports pursuant to Government Code Section 65400. We are particularly thankful of the hard work and cooperation of Messrs. Tai and Chen and Ms. Nusbaum. If the Department can provide assistance in implementing the housing element, please contact Paul McDougall, of our staff, at (916) 322-7995.

Sincerely,

A handwritten signature in cursive script, appearing to read "Cathy E. Creswell". Below the signature, the word "for" is written in a smaller, simpler script.

Cathy E. Creswell  
Deputy Director